

## ESTABLISHING THE SUPPORT PLATFORM OF CO-CREATING UNIQUE VALUES FOR LOCAL INDUSTRIES OF TAIWAN

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### ABSTRACT

*This paper specially adopted the four creating Win-Win principles (inducements, respect, interaction, and support) of VenkatRamawamy and Francis Gouillart, to establish novel support platform of the Local Industry of Taiwan for assisting the local industrial structure optimization, i.e., the local traditional manufacturing industries to a Service-Oriented, the local services industries to Technology-Oriented and Internationalization and the local traditional industries to Characteristic-Oriented). The support platform for co-creating values in local industries be used for integrating and sharing processes and results of relevant studies about characteristic-oriented local industries, service-oriented local manufacturing industries, and information-oriented and internationalized tourism and leisure industries, as well as sharing information found in the research process; providing a window for learning local industries new knowledge and practical experience; preserving superior skills and operating experience from local characteristic industries; and providing a social window for local industry operators to communicate with each other or to give advice by leader operators. Finally, with the support platform established in this study, will add new elements for the local traditional industries in Taiwan and then enhance their competitiveness.*

**KEYWORDS:** Local Industry, Support Platform, Co-Creating Unique Value, Win-Win Principle, Three Industries and Four Orientations

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### 1. INTRODUCTION

The formation of local characteristic industries is mainly due to endemic cultural conditions or natural resources, attracting industry clusters with distinctive features. Some form a special part of the local industry structure through the promotion of government agencies (Ministry of Economic Affairs, 2005). The development of the local characteristic industries is an effective pathway for enhancing traditional cultures, techniques, and added values (Wen-Chih Hsu et al., 2009). In addition, the development is conducive to local employment and the mobilization of local finances. Furthermore, it is the cornerstone of social stability, an effective method to unite local development for consensus (Chen-Sung Chang et al., 2015). In order to prevent the local industry from being marginalized and for the local industries to combine the forces of all sides to reposition local industries and enhance competitiveness and new values, co-creating values for the local industry development should be emphasized. However, in the context of specific time and events, “co-created experience” acquired from consumers’ interaction with all sides is where the true value lies.

In the experience network developed from all sides, interactive experience has become the foundation for creating values. In particular, co-creating values not only includes strategic alliances or formation of joint ventures,

but also includes value chain activities such as collaborated activities between upstream and downstream vendors (Huang-ZheWeng et al., 2009). In the co-created experience network, each individual and organization is a participant that acquires the value it needs. If two collaborating sides can establish mutual commitment, develop mutual trust, and share the cooperation framework and operational activities when establishing a link, greater values can be created (Lin & Lin, 2006).

Therefore, while new elements are injected into the local industries to assist them in structural optimization, the feasibility of co-creating values must be taken into account. Value creation refers to a series of business activities and cost structures that facilitate enterprises' production and supply of products or services that meet customers' needs. Over the past, the traditional viewpoint was the exclusion of consumers during the value creation process, under the premise that enterprises themselves are value creators (Prahalad & Ramaswamy, 2003). Due to changes in the competitive environment, values were thought to be created by enterprises, while customers were only value recipients. However, this idea has clashed with enhanced knowledge about consumers and interested parties; it is understood that values must be co-created through the involvement of enterprises and consumers or other interested parties. Additionally, during the process of enterprises' provision of products or services, values are produced, and we call this production value co-creation (Prahalad & Ramaswamy, 2004; Chen-Sung Chang et al., 2015) or value co-production (Ramirez, 1999; Hsiu-Hua Chang & Lung-Chuan Lu, 2012). In particular, the co-creating viewpoint described by Hsiu-Hua Chang and Lung-Chuan Lu (2012) refers to the changed role of value creators. Customers can intervene in value production, customers and vendors have a value co-creation relationship and at the same time play complementary and collaborative roles. In value co-creation, as distinguished from the past viewpoint that only enterprises can create values for the organization, enterprises must create an environment that allows consumers to share their unique personal experiences, and create valuable and wonderful consumption experiences. It is through sound and effective interaction between enterprises and consumers that true enterprise values can be created (Prahalad & Ramaswamy, 2004).

In order to reach the goals above, this study established a novel support platform for co-creating values in local industries, and divided it into knowledge management platform of local industry and temple platform of local industry (Chen-Sung Chang, 2015). The main function of the knowledge management platform is combined the implicit and explicit knowledge of traditional service-oriented manufacturing industries, technology-oriented and internationalized local service industries, and characteristic-oriented traditional local industries, thereby assist the process of optimizing the local industry structure transformed into information jointly used and shared, in order to achieve the functions of creation, diffusion, storage, and sharing of knowledge about the optimization of the local industry structure. On the other hand, the temple platform of local industry designed to provide an environment for learning, research, service and sharing. Therefore, the support platform not only manages knowledge of the optimization of the local industry structure, but also integrates the knowledge into organizational culture through information-orientation and value-orientation of knowledge; thereby turning the knowledge into intangible assets of companies and activating the organizational culture of local industries.

The local industries temple platform provides several functions. Firstly, the temple platform is connected with the knowledge management platform of local industry; integrating results of relevant studies about characteristic-oriented local industries, service-oriented local manufacturing industries, and information-oriented and internationalized tourism and leisure industries; as well as sharing information found in the research process. Secondly, it also creates a digital learning site for operators to learn about the optimization of the local industry structure, some management methods, new related

knowledge, and practical experience. Thirdly, it implements preservation of superior skills and operating experience from local characteristic industries, and assists operators to learn successful experience. Finally, providing a social window with uncomplicated user interface for local industries and relevant people to communicate with each other or to give advice instantly by remote interaction, and furthermore to develop interpersonal resources.

## **2. THE LOCAL INDUSTRY STRUCTURE OPTIMIZATION STRATEGY FOR THREE INDUSTRIES AND FOUR ORIENTATIONS**

The local industry in Nantou County mostly structured by traditional industries and tourism and leisure industries (Chen-Sung Changet al., 2015). In particular, traditional industries include local manufacturing and a great number of characteristic industry in Nangang and Jhushan Industrial Park. Owing to the abundant cultural and tourism resources in Nantou County, there are a lot of local characteristic industries, tourism and leisure industries, and associated agriculture. The industries consider industrial upgrading or transformation as opportunity for sustainable development, thus the government focus on promoting the optimization of industrial structure.

Therefore, the local industry structure optimization strategy established in this study was used to construct the innovative business model of co-creating values for local industries of Taiwan, assist in the upgrade and transformation of local characteristic industries, and establish local industrial characteristics based on the three industries and four orientations (service-oriented manufacturing industry, technology-oriented and internationalized service industry, and characteristic-oriented traditional industries) in the National Development Focus Plan of Taiwan. The innovative business model in this paper is based on the four principles of co-creation processes and win-win creation proposed by VenkatRamaswamy and Francis Gouillart (Principle 1: Inducement; Principle 2: Respect; Principle 3: Interaction; and Principle 4: Support), which are distinguished into four fields: the inducement model of characteristic-oriented local industries, the respect model of service-oriented local manufacturing industry, the interaction model of information-oriented and internationalized tourism and leisure industries, and the support platform for co-creating values in local industries.

- **Inducement Model of Characteristic-Oriented Local Industries**

Targeting the three well-known local industries (tea, bamboo, and plum industries) in the Nantou County of Taiwan (Yu-Hui Lin et al., 2015), in this paper, an integrative analysis was conducted through in-depth interviews with local traditional industry operators and a questionnaire survey on customer satisfaction, coupled with the collection of the relevant history literatures. Hence, the research methods adopted for the inducement model of characteristic-oriented local industries comprise of two major parts: the survey method in quantitative research and the case study method and documents method in qualitative research. Additionally, three types of models for optimizing the local industry structure (including the inducement model of the economic value of local industries, the inducement model of strategic integration of local industries, and the inducement model of creative brands in local industries) were planned and constructed.

- **Respect Model of Service-Oriented Local Manufacturing Industries**

Targeting the two main industrial areas in the Nantou County of Taiwan as the research focuses in this paper, the business model of respect for local manufacturing industries—a customized/individualized model—was constructed. By exploring the traditional interactive model of local manufacturing industries and interested parties, or even customized models, and specific work matters, including inventories of literatures (Chi-Sheng Chen et al., 2010) and practical cases,

the key knowledge grasped served as a basis for relevant future planning. Therefore, three respect models of service-oriented local manufacturing industries were constructed in this study, namely, customized/individualized model for local manufacturing industries, value co-creating model for service-oriented local manufacturing industries, and service innovation model for local manufacturing industries.

- **Interaction Model of Information-Oriented and Internationalized Tourism and Leisure Industries**

In this paper, the interactive model constructed for cross-strait economic and trade interaction proposed by Cheng-Nan Chen and the business model innovation method released by U.S. Innosight Consulting Firm, coupled with the strategic alliance method (Hseng-Hshiong Tsaur et al., 2011), served as references for constructing business models of three information-oriented and internationalized types of tourism and leisure industries. In other words, the models established were information-oriented production and sales models for tourism and leisure industries and an upstream-downstream integration model for local tourism and leisure industries as well as strategies for the internationalization of tourism and leisure industries and cross-industry alliance models.

### **3. THE SUPPORT PLATFORM ESTABLISHED FOR CO-CREATING VALUES IN LOCAL INDUSTRIES**

The local industry in Nantou County mostly structured by traditional industries and tourism and leisure industries, including a lot of local characteristic industries, tourism and leisure industries, and associated agriculture. Plenty of local industry operators have worked hard to make progress on technical upgrade or innovation and spent considerable expense on internet marketing, but the effect is not equal to its cost. The best way to solve this problem is establishing an integrative support platform of local industry knowledge. The platform is expected to assist operators improving coherence, and building competitive organizational mechanisms and business model by efficiently use the knowledge about the three industries and four orientations.

Therefore, the support platform constructed in this paper must have functions as follows. In the first place, it combines the implicit and explicit knowledge of traditional service-oriented manufacturing industries, technology-oriented and internationalized local service industries, and characteristic-oriented traditional local industries. Also, it creates a digital learning site for operators to learn about the optimization of the local industry structure, some management methods, new related knowledge, and practical experience. In addition, it implements preservation of superior skills and operating experience from local characteristic industries, and assists operators to learn successful experience. And last, it provides a social window with uncomplicated user interface for local industries and relevant people to communicate with each other or to give advice instantly by remote interaction from leader operators, and furthermore to develop interpersonal resources. With integrating the process of local industry optimization into organizational culture and activating the organizational culture of local industries, this platform become a support platform needed for value co-creation of local industries and optimization or transformation of the local industry structure.

The support platform for co-creating values in local industries established in this study is designed with five main elements as shown in Figure 1, including the win-win principles; three principles about knowledge of business model according to the local industry structure optimization strategy for Three Industries and Four Orientations, namely the inducement model for characteristic-oriented local industries, the respect model for the service-oriented local manufacturing industry, and the interactive model for information-oriented and internationalized tourism and leisure

industry; and the last element is providing an information management system with functions of diffusion, storage, and sharing.

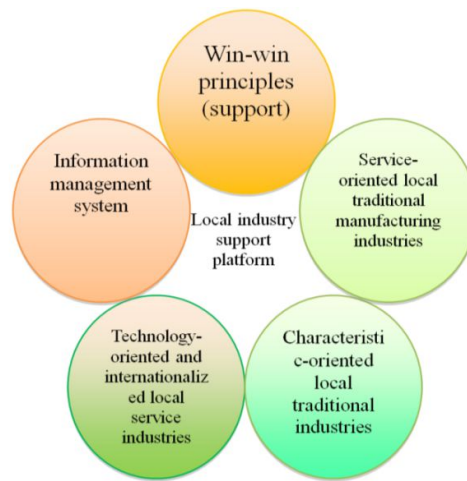


Figure 1: The Five Main Elements for Local Industry Support Platform Design

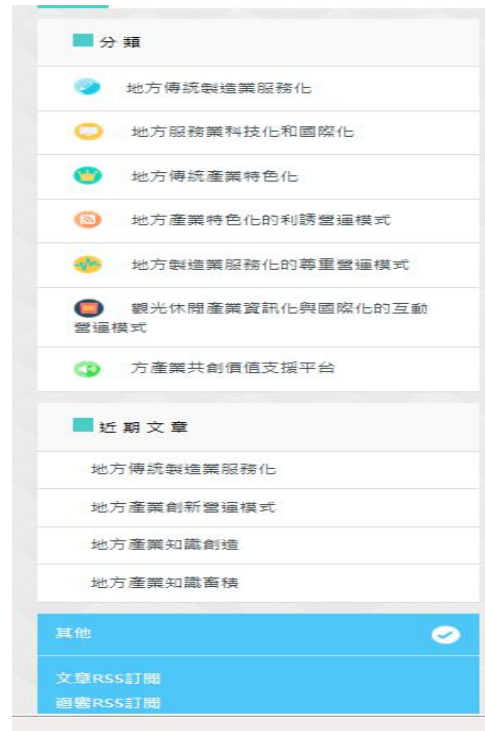
## 4. RESULTS

### 4.1 Knowledge Management Platform for Local Industries

The supporting principle of value co-creation was adopted as the theoretical basis in this study for constructing a new knowledge management platform for the value co-creation of local industries. In particular, the homepage of the knowledge management platform of local industries in the Nantoucounty of Taiwan was shown as Figure 2. The structure demonstrating the optimization of the local industry structure was shown as Figure 3.



Figure 2: The Homepage of the Knowledge Management Platform of Local Industries in the Nantoucounty of Taiwan



**Figure 3: The Structure Demonstrating the Optimization of the Local Industry Structure**

Figure 3 shows that this knowledge management platform not only manages knowledge of the optimization of the local industry structure, but also facilitates public access and sharing of results obtained from various innovative business models of value co-creation for local industries (including the inducement model of local industry characteristics, respect model of service-oriented local manufacturing industries, and the interactive model of information-oriented and internationalized tourism and leisure industries) and articles related to the process of optimizing the local industrial structure. In addition, through this platform that promotes two aspects--information-oriented value co-creation for local industries and value-orientation of knowledge-- knowledge about the optimization of the local industry structure can be truly integrated into the organizational culture, thereby turning the knowledge into intangible assets of companies, activating the organizational culture of local industries, making this platform a knowledge management platform for value co-creation in local industries, and catering to the need of local industries to enhance competitiveness.

This platform also combined the implicit and explicit knowledge of traditional service-oriented manufacturing industries, technology-oriented and internationalized local service industries, and characteristic-oriented traditional local industries. Also, the process of optimizing the local industry structure is transformed into information jointly used and shared, in order to achieve the functions of creation, diffusion, storage, and sharing of knowledge about the optimization of the local industry structure. Thus, this platform not only manages knowledge for the optimization of the local industry structure, but also engages in sharing, diffusing, and marketing the process of optimizing the local industry structure through the platform, making it a knowledge platform needed for value co-creation of local industries and optimization or transformation of the local industry structure.

## 4.2 Local Industries Temple Platform

The local industries temple platform built in this study provide four functions, including connection with knowledge management platform of local industry, a digital learning window for local industries, preservation and dissemination of operating experience in local industries, and a social window for local industries. Figure 4 shows the homepage of the local industries temple platform. The first function, connection with knowledge management platform of local industry, has been described in Section 4.1.



Figure 4: The Homepage of the Local Industries Temple Platform in the Nantou County of Taiwan





Figure 5: Local Industries Digital Learning Window



Figure 6: Local Industries experience Dissemination Window

The second and third function, digital learning window and experience dissemination window, was shown respectively as Figure 5 and Figure 6. The local industries are distinguished into three categories: local characteristic industries, traditional manufacturing, and tourism and leisure industry. Figure 5 shows the digital learning window for operators to learn about the optimization of the local industry structure, some management methods, new related knowledge, and practical experience. Figure 6 shows the experience dissemination window that preserving superior skills, various operating and successful experience from local characteristic industries.





Figure 7: The Local Industriesocial Window

Figure 7 shows the local industriesocial window with uncomplicated user interface for people at all levels to communicate with each other or to obtain advice fromleadingoperators.

According to results from Section 4.1 and 4.2, the local industries support platform built in this study puts emphasis on “co-created experience”, which means the common experience of local industrial structure optimization, and provides local operators with a place to share experiences.

## 5. CONCLUSIONS

The local industries support platform is constructed in this study based on the co-creating values principle, and sharing the “co-created experience” of optimizing the local industry structure with relevant local industries.

The platform helps reach goals as below: integrating and sharing processes and results of relevant studies about characteristic-oriented local industries, service-oriented local manufacturing industries, and information-oriented and internationalized tourism and leisure industries, as well as sharing information found in the research process; providing a window for learning local industries new knowledge and practical experience; preserving superior skills and operating experience from local characteristic industries; and providing a social window for local industry operators. Therefore, the support platform of co-creating unique values for local industries of Taiwan was established, with hopes of injecting new elements into traditional local industries and enhancing competitiveness.

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